



WALTER OIL & GAS CORPORATION

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August 22, 1997

Attn: Rules Processing Team
Department of the Interior
Minerals Management Service
381 Eldon Street, Mail Stop 4700
Herndon, Virginia 20170-4817

CERTIFIED MAIL # P 248 929 720

Dear Sir or Madame

Walter Oil & Gas Corporation ("Walter") appreciates the opportunity to comment on the Minerals Management Service's ("MMS") Proposed Rule "Oil Spill Financial Responsibility for Offshore Facilities", 62 Federal Register 14052 (March 25, 1997). We also appreciate the efforts of the MMS to hold a public workshop on this rulemaking to allow industry to better understand certain aspects of the rule. We have reviewed and agree with the joint response and comments submitted by the API, IPAA and the OCC ("the Joint Comments")

The sections of the rule that are of greatest concern to Walter and could significantly impact our operations are (1) Sections 253.13 and .14, The Rule Regarding the Amount of OSFR that Must Be Demonstrated, (2) Section 253.29, The Rule Regarding Use of Insurance as OSFR Evidence, (3) Section 253.42, The Rule Regarding "Add-Ons" and "Drops" and (4) Section 253.40, .42 and Forms; The Reporting Obligation and Forms. Sections 253.13 and .14 concerning the rules regarding the amount of OSFR that must be demonstrated are too complicated, confusing and difficult to calculate. We agree with the Joint Comments that the language in the rule should be clarified and simplified. Section 253.29 concerning the rule regarding use of insurance as OSFR evidence is unduly burdensome on the industry and is not consistent with usual insurance practices. We agree with the Joint Comments that this rule should be reviewed by the MMS and consideration given to more closely following insurance industry practices incorporating the necessary safeguards that will assure the MMS that the coverages are as required. Section 253.42 concerning the rules and forms regarding "Add-Ons" and "Drops" are also unduly burdensome and complicated. We suggest that, if a company is operating under a blanket COF, "Add-Ons" and "Drops" should only be required to be updated annually either in conjunction with renewal of insurance coverage or another specific date determined by the MMS. Section 253.40, .42 and Forms concerning the rules regarding reporting obligations and forms are also unduly burdensome, too complicated and confusing. We concur with the Joint Comments and agree that the MMS should reconsider simplifying all reporting obligations.

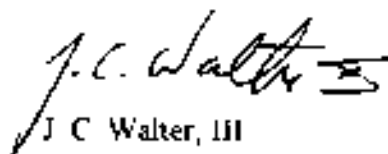
Because major portions of the rule may change, we suggest that MMS consider re-proposing the rule, rather than moving from the current proposal to a final rule. This would provide the industry with additional opportunity to work with MMS to assure that the rule meets the Oil Pollution Act requirements for financial responsibility without posing an undue burden on the industry.

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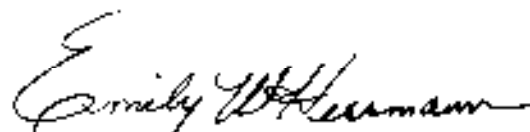
We look forward to continuing to work with the MMS on this and other matters and again appreciate the opportunity to provide formal comments on the proposed rule. If we can be of assistance in the process of finalizing the regulations for OPA '90, please do not hesitate to contact Emily W. Herrmann at (713) 659-1221.

Sincerely,

WALTER OIL & GAS CORPORATION

Handwritten signature of J. C. Walter, III in black ink.

J. C. Walter, III
Chairman and President

Handwritten signature of Emily W. Herrmann in black ink.

Emily W. Herrmann
Treasurer

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